

Message Text

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ACTION EB-08

INFO OCT-01 EA-12 ISO-00 COME-00 STR-05 TRSE-00 AGRE-00

LAB-04 XMB-04 NSC-05 L-03 AID-05 ITC-01 PA-02

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E.O. 11652: N/A

TAGS: BEXP, ETRD, JA, US

SUBJECT: TRADE FACILITATION COMMITTEE: FIRST TWO CASES

SUCCESSFULLY RESOLVED; THIRD CASE INITIATED

REFS: (A) TOKYO 17587; (B) TOKYO 17478; (C) STATE 273146;

(D) STATE 288085

1. SUMMARY: THE FIRST TWO CASES RAISED UNDER THE AEGIS OF THE JOINT U.S.-JAPAN TRADE FACILITATION COMMITTEE (TFC)--ONE INVOLVING DIRECTED PROCUREMENT IN JAPAN OF ZIRCONIUM TUBE AND THE OTHER RELATING TO A TARIFF RECLASSIFICATION FOR MANUFACTURED POTATO CHIPS--HAVE BEEN SUCCESSFULLY RESOLVED IN ACCORDANCE WITH THE REQUESTS OF THE RESPECTIVE U.S. FIRMS. A THIRD CASE IS BEING INITIATED. END SUMMARY.

2. ITEM 1 OF THE TERMS OF REFERENCE OF THE TFC STIPULATES THAT THE TFC WOULD "CONSIDER INFORMATION ON SPECIFIC DIFFICULTIES CONCERNING JAPANESE TRADE PRACTICES OR PROCEDURES ENCOUNTERED BY U.S. COMPANIES IN INITIATING OR EXPANDING THEIR SALES TO THE JAPANESE MARKET...AND EXPLORE THE POSSIBILITY OF REDUCTION OR ELIMINATION OF SUCH DIFFICULTIES."

3. UNDER THIS PROVISION, ON SEPTEMBER 30, THREE DAYS

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AFTER THE TFC TERMS OF REFERENCE WERE AGREED TO BY SECRETARY OF COMMERCE KREPS AND MITI MINISTER TANAKA, THE E/C MINISTER--AS CO-CHAIRMAN OF THE TOKYO GROUP OF THE TFC--SENT A LETTER TO THE JAPANESE CO-CHAIRMAN, SOSUKE HANAOKA, DEPUTY DIRECTOR-GENERAL OF MITI'S INTERNATIONAL TRADE POLICY BUREAU. THE LETTER DESCRIBED A CASE INVOLVING A GENERAL ELECTRIC COMPANY JOINT

VENTURE, JAPAN NUCLEAR FUEL CORPORATIN, WHICH SUPPLIES NUCLEAR FUEL TO THE JAPAN ATOMIC POWER COMPANY. ONE OF THE NUCLEAR FUEL COMPONENTS IMPORTED FROM THE U.S. IS ZIRCONIUM (ZIRCALOY) CLADDING TUBE, THE FINAL FABRICATION OF WHICH IS DONE BY GE IN THE U.S. MITI WAS EXTENDING "ADMINISTRATIVE GUIDANCE" TO THE GE JOINT VENTURE WHICH WOULD REQUIRE IT TO PROCURE ZIRCONIUM TUBE IN JAPAN RATHER THAN THE U.S., AT A SUBSTANTIAL EXTRA COST.

4. IN A LETTER TO THE E/C MINISTER, DATED NOVEMBER 28, HANAOKA STATED: "I AM HAPPY TO INFORM YOU THAT THE DIFFICULTIES ON THEIR (ZIRCONIUM TUBE) IMPORTATION HAVE BEEN ELIMINATED, AND THE JAPAN NUCLEAR FUEL CORPORATION CAN IMPORT ON ITS OWN COMMERCIAL EVALUATION." THE GE JOINT VENTURE WAS ALSO INFORMED BY MITI AT THE SAME TIME.

5. A SECOND TFC CASE WAS TRANSMITTED TO HANAOKA ON NOVEMBER 11 ON BEHALF OF PROCTOR AND GAMBLE JAPAN K.K. (PGJ), REPORTED REF B, WHICH INVOLVED JAPANESE CUSTOMS RAISING THE DUTY ON MANUFACTURED POTATO CHIPS FROM 16 TO 35 PERCENT BY RECLASSIFYING THE PRODUCT FROM A MANUFACTURED FOOD (20.02) TO CONFECTIONERY (19.08). IN A SECOND LETTER TO THE E/C MINISTER, ALSO DATED NOVEMBER 28, HANAOKA STATED THAT "IT HAS BEEN DECIDED UNCLASSIFIED

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TO TREAT THE PRODUCT IN QUESTION AS A FOOD PRODUCT WITH A CORRESPONDING TARIFF OF 16 PERCENT."

6. A THIRD TFC CASE IS BEING TRANSMITTED TO HANAOKA, ON BEHALF OF MICROLERT SYSTEMS INTERNATIONAL OF BURBANK, CALIFORNIA. MICROLERT MANUFACTURES AN AUTOMATIC ELECTRONIC SIGNALING SYSTEM CONSISTING OF A MINIATURE RADIO TRANSMITTER, NORMALLY WORN BY THE USER AS A PENDANT, AND A RECEIVER-TELECOMMUNICATOR BASE UNIT, NORMALLY AT A FIXED LOCATION AND PLUGGED INTO A TELEPHONE JACK. IN AN EMERGENCY, THE USER SQUEEZES THE TRANSMITTER, MOMENTARILY, AND IT TRANSMITS A CODED SIGNAL TO THE RECEIVER-TELECOMMUNICATOR WHICH IN TURN AUTOMATICALLY MAKES A SEQUENCE OF EMERGENCY CALLS TO PRESELECTED PARTIES ALERTING THEM AS TO THE NATURE AND LOCATION OF THE EMERGENCY. THE SYSTEM IS NOW IN USE THROUGHOUT THE U.S. AND IS APPROVED BY THE FEDERAL COMMUNICATIONS COMMISSION FOR DIRECT PLUG-IN CONNECTION TO TELEPHONE LINES IN ALL 50 STATES.

7. MICROLERT WAS AN EXHIBITOR IN THE "REHABILITATION USA" SHOW RECENTLY HELD AT THE U.S. TRADE CENTER IN TOKYO. ACCORDING TO THE PRESIDENT OF MICROLERT (T.R.

CATALDO), THE RESPONSE FROM DOCTORS, HOSPITAL ADMINISTRATORS, AND POTENTIAL USERS WAS EXTRAORDINARY. CONSEQUENTLY, AFTER THE CONCLUSION OF THE SHOW, CATALDO SPENT SEVERAL DAYS ATTEMPTING TO RESOLVE THE MATTER OF JAPANESE GOVERNMENT APPROVAL FOR MICROLERT USE IN JAPAN. HE WAS INFORMED BY THE MINISTRY OF POSTS AND TELECOMMUNICATIONS THAT THE RADIO FREQUENCY USED BY MICROLERT, AT THE EXISTING FIELD STRENGTH LEVEL, PRESENTED NO PROBLEMS IN TERMS OF JAPANESE REGULATIONS. THUS, ALL THAT WAS REQUIRED WAS FOR NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT) TO APPROVE MICROLERT FOR PLUG IN TO THEIR TELEPHONE LINES.

8. AS CATALDO PUTS IT IN HIS LETTER TO THE CCOUNS,
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WHICH WAS SOLICITED BY THE EMBASSY. ONLY YESTERDAY, HOWEVER, AFTER SEVERAL MEETINGS WITH NTT PERSONNEL, DID I LEARN THAT THEY "RECOMMEND STRONGLY" THAT WE HAVE OUR PRODUCT MANUFACTURED IN JAPAN SO THAT THEY 'CAN BE ASSURED OF ITS MEETING NTT STANDARDS,' AND THEY PROVIDED ME WITH A LIST OF FIVE JAPANESE COMPANIES WHICH WOULD BE QUALIFIED TO UNDERTAKE SUCH MANUFACTURE. THEY DID NOT PROVIDE ME WITH THE WRITTEN STANDARDS, NOR WAS THERE ANY INCLINATION TO REVIEW MY PRODUCT TO DETERMINE WHETHER OR NOT IT MEETS THE STANDARDS."

9. THE MICROLERT CASE COMES CLOSE TO THE CLASSIC EXAMPLE OF THE TYPE OF IMPEDIMENTS WHICH MANY CRITICS OF THE GOJ REFER TO IN GENERAL BUT, BECAUSE OF THE ABSENCE OF INDIVIDUAL U.S. FIRMS WILLING TO HAVE THEIR PROBLEMS CITED, ARE UNABLE TO DOCUMENT. WE WILL THEREFORE FOLLOW THROUGH VIGOROUSLY IN THE TFC. MANSFIELD

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